

Delegated decision report

DECISION UNDER DELEGATED POWERS

DECISION CANNOT BE TAKEN BEFORE TUESDAY, 13 NOVEMBER 2012

Title	PROPOSED SALE OF THE OLD SCHOOL LLANBRYNMAIR, POWYS, WALES
Report Author	REPORT FOR THE DEPUTY LEADER AND CABINET MEMBER FOR THE ECONOMY AND REGULATORY SERVICES

EXECUTIVE SUMMARY

1. To approve the disposal of the council's freehold interest in The Old School, Llanbrynmair, for a sum of £100,000 – the highest offer received following a full marketing exercise.
2. The outcome will be a capital receipt from this disposal towards the annual capital receipts target as set out in the council's medium term financial plan and in accordance with the council's strategic asset management plan.

BACKGROUND

3. The Old School, Llanbrynmair comprises a detached stone and slate roofed former school building with outbuildings plus a detached single storey former canteen and hall. Externally there are also playgrounds and a playing field extending to approximately 1.30 acres. The property is located in the small village of Llanbrynmair which comprises farms, residential properties, a village shop and a pub. The village is relatively isolated, located approximately 15 miles from the nearest town of Newtown.
4. Owned by the Isle of Wight Council since the early 1980's, the property has been used by Island schools as a residential outdoor pursuit centre for school trips. As such the internal accommodation is split into girls and boys dormitories with associated dining, changing and washroom facilities.
5. A decision was taken to close the centre in February 2009 following an inspection by local Environmental Health officers which highlighted a number of improvements required to the building.
6. In order to achieve the best capital receipt from a sale it was decided that a planning application for conversion to residential use should be investigated, including the potential for further residential units to the rear.

7. To achieve this, dialogue was entered into with the Powys County Council planning department, however, this resulted in mixed signals regarding the potential for alternative use. The initial advice was that residential conversion to a private dwelling might be acceptable with an indication that the main building should be maintained, but that no further structures should be erected. It also indicated that the preference would, in fact, be for continuation of the current use, or for community use.
8. A firm of architects was subsequently appointed on behalf of the Isle of Wight Council to produce initial designs and discuss these with planners. Unfortunately these pre-application negotiations resulted in further questions being raised, particularly from a highways perspective, due to the apparent poor access to the main road from the site and the perceived increase in vehicular movements from a residential conversion/scheme. This resulted in Powys CC planning officers stating that residential use would not be considered until the property had been marketed for its existing and community uses for a sufficient period of time to prove the lack of demand for such uses.
9. Marketing advice was sought from three local agents in June 2010 and the most competitive was selected to commence marketing the site at £150,000. Several applicants viewed the site and offers, based on residential use, were forthcoming. However, none of these offers came to fruition as the applicants either simply lost interest in the site due to the planning constraints or were unable to provide solid evidence of their funds.
10. As part of this marketing exercise and, following further pre-application discussions with the County Council during which planning officers suggested that social housing might be considered, all of the local housing associations were directly approached regarding the opportunity. Unfortunately this resulted in no interest from any of these parties.
11. In July 2011 the agents reported an offer of £155,000 (for residential use). As the offer was not subject to any conditions the sale was agreed in principle and signed off via an Officer Delegated Decision dated 14th July 2011.
12. Unfortunately after a few weeks the proposed purchasers withdrew their offer; this was thought to be due to a combination of the condition of the property and possible funding issues which they were encountering (most likely due to the planning constraints).
13. A further pre-application discussion was held with the planning officers to confirm that the marketing exercise had proved abortive, and to establish how to progress a planning application for private residential use. However, the response received was that the 18 months of marketing to that point, including the direct approaches to social housing providers, was insufficient to substantiate a lack of demand for the current or community use.
14. Since this time the property has remained on the market; various parties have viewed the site but offers have not been forthcoming as most were still only interested in the site for residential usage, which the planning officers continue to re-iterate that they are unwilling to consider.
15. The marketing agents have now reported an offer of £100,000 from an applicant seeking to use the site for residential retreats, including activities such as circle dancing and Jacuzzi spas. This use falls within the current planning designation for the site. As this

applicant has provided evidence that the funds for the purchase are readily available the marketing agents have recommended this offer for acceptance.

16. Indeed, in support of the marketing agent's opinion - as an alternative to private treaty the possibility of taking the property to auction was recently investigated and the advice received stated that if it were brought to auction the reserve price should be below £100,000 with a view to hopefully getting close to this figure.

STRATEGIC CONTEXT

17. In December 2010 the council's cabinet agreed the future shape and direction of the organisation of which one of the key principles is that, "the council will actively seek to sell or dispose of assets that are surplus to requirements where practicable to maximise capital receipts, or lease them where it is not".
18. The disposal of council assets will contribute towards a number of the Isle of Wight Council's key corporate objectives, as detailed in the Corporate Plan for 2011-2013, including.
 - Delivery of budget savings through changed service provision: delivering services in different ways will allow the release of council buildings, thereby creating significant savings of accommodation and maintenance costs, as well as generating capital receipts.
19. The disposal is identified in the strategic asset management plan approved in 2011.
20. If this property is disposed of it will release a capital receipt into the council's corporate account as part of the annual capital receipts target.

CONSULTATION

21. There has been no public consultation in respect of this proposed transaction. Any comments received following the publication of this paper will be considered by the cabinet member in taking the delegated decision.

FINANCIAL / BUDGET IMPLICATIONS

22. The council is currently liable for all outgoings in respect of the vacant property such as business rates and insurance plus any ongoing maintenance liabilities. It is therefore in the council's best interest to dispose of the property as soon as possible. To mitigate against such outgoings, the council has applied for empty rates relief. Any revenue budget savings arising from the disposal of this property will contribute to the council's savings target for accommodation costs.
23. If the recommendation made within this report is adopted the council will benefit from a capital receipt of £100,000.

LEGAL IMPLICATIONS

24. The council currently holds the property on a freehold basis.

25. If the site is sold, then once a sale has been completed, the council will have no further interest in, or liabilities with regard to, the property.
26. The council has the ability to dispose of property under Section 123 of the Local Government Act 1972 for best consideration.

CARBON EMISSIONS

27. This property was identified as consuming some 24,000kWh (9tCO2) (£108 in CRC) of energy within the Carbon Management Plan. Its energy consumption has decreased to 300kWh due to being vacant; therefore its disposal (existing function) would have a very small further positive impact on the councils Carbon emissions which would result in a CRC Energy Efficiency saving of some £2.40 annually.

PROPERTY IMPLICATIONS

28. It is considered that property implications are adequately covered within the main body of this report.

EQUALITY AND DIVERSITY

29. The council as a public body is subject to general and specific duties under equality and diversity legislation and as such has a duty to impact assess its service, policies/strategies and decisions with regards to diversity legislation and the nine “protected characteristics (race, gender reassignment, disability, age, sex and sexual orientation, religion or belief, pregnancy and maternity, marriage and civil partnership)
30. A stage 1 equality impact assessment initial screening form has been completed; this has not identified any negative impacts from this proposal. This report, therefore, considers that none of the identified groups are likely to be adversely affected by the decision to dispose of this property.

SECTION 17 CRIME AND DISORDER ACT 1998

31. There are not believed to be any specific crime and disorder issues, other than vacant properties can be prone to vandalism and it is therefore in the council's interests to dispose of the building as soon as possible.

OPTIONS

32. Options have been considered in respect of this property as follows:
 - (a) To sell the property as detailed above and accept the offer of £100,000.
 - (b) To continue to market the property for a longer period in the hope of achieving a higher capital receipt.
 - (c) To retain ownership of the property, carry out necessary repairs and continue to use the site and buildings as an outdoor pursuit centre.
 - (d) To retain ownership of the property, carry out necessary repairs and improvements, and let to a private occupier.

RISK MANAGEMENT

33. Option (a) represents limited risk to the council as it has followed a robust marketing route that has included research into the funding method/ability of the proposed purchaser.
34. Option (b) comprises a high risk as the existing applicant may withdraw. Also, due to the level of exposure to the market, it is unlikely that a better offer may be received. Indeed the major risk of this course of action would be that a lower offer ultimately has to be agreed, particularly in light of the potential for continued falls in the property market.
35. A further high risk of option (b) is that the longer the property remains vacant the more likely it will deteriorate to such an extent that refurbishment could, potentially, become unviable, or that the building becomes more prone to vandalism.
36. Under option (c), this would involve considerable expense to bring the property back up to standard and maintain it in that manner. It would also commit the council to on-going property occupation and revenue liabilities. Also it should be remembered that the demand and use of the site had decreased considerably in the years before it was closed as Island schools have elected to go to other areas of the country or abroad.
37. Option (d) would leave the council with on-going property management liabilities. Also, the building is in very poor condition so either a low rent would be received or a long period of rent free given to enable a potential tenant to bring the site up to standard. In addition, if the council was to pursue this route it is difficult to predict exactly what alternative uses would be demanded by the local market and what works would be required to enable such use, with a high risk of opting for a use with limited or no demand. The associated risk regarding the potential for gaining planning consent for any such use also needs to be considered.

EVALUATION

38. The availability of the property has been marketed widely; however, this marketing has coincided with a time of continued uncertainty within the property markets. Whilst several applicants have viewed the property, the agents consider it unlikely that a higher offer will be received and, therefore, option (b) is not recommended.
39. The marketing has been extensive and the majority of the interest expressed has been for residential use which planning officers have consistently blocked. It is uncertain how long the property will need to be marketed before Powys CC would consider the site for residential development. Any uplift in price that may be gained from waiting for this change in view from Powys CC is likely to be offset by a reduction in site value caused by the building's inevitable decay through a lack of use.
40. The council has already taken a decision that the property is surplus to requirements and that the cost of refurbishment is not justifiable. Therefore, option (c) is not considered appropriate.
41. Option (d) would fail to achieve a capital receipt, would have ongoing revenue cost implications and necessitate some level of landlord management input.

42. In light of continued uncertainty across the property market and the continuing uncertain economic climate, it is considered that option (a) is the recommended disposal approach.

RECOMMENDATION

43. That the Council adopts options (a).

To sell the property as detailed above and accept the offer of £100,000.

APPENDICES ATTACHED

44. [APPENDIX](#) - Site plan.

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STUART LOVE
Strategic Director
Economy and the Environment

COUNCILLOR GEORGE BROWN
Deputy Leader and Cabinet Member
Economy and Regulatory Services.

Decision

Signed

Date